

## **EXHIBIT 13**

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For loan modification guidance or to report a scam, call:

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## COMMON LOAN MODIFICATION SCAMS

Loan modifications are changing every day. Here are some of the most common loan modification scams out there today.

### Phony Counseling or Foreclosure Rescue Scams

The scam artist poses as a counselor and tells you he can negotiate a deal with your lender to modify your loan or save your house—if you pay him a fee first. The fee may be called a processing fee or administrative fee. He may even tell you not to contact your lender, lawyer or housing counselor—that he'll handle all details. He may even insist that you make all mortgage payments directly to him while he negotiates with the lender. Once you pay the fee, or a few mortgage payments, the scammer disappears with your money.

### Fake "Government" Modification Programs

Some scammers may claim to be affiliated with, or approved by, the government, or they may ask you to pay high, up-front fees to "qualify" for government mortgage modification programs. The scammer's company name and Website may sound like a real government agency, but the Website may end with .com or .net instead of .gov. You may also see terms like "federal," "HAMP," "MHA," "HARP" or other words related to official U.S. government programs.

Contact your lender first. Your lender will be able to tell you if you qualify for any government programs to prevent foreclosure or modify your loans. And you do not have to pay to benefit from these programs.

### Forensic Loan Audit

The scammer who may be called a forensic or mortgage loan "auditor" offers to review your mortgage loan documents to determine whether your lender complied with state and federal mortgage lending laws. The scammer will usually require that you pay a fee to start the process. The scammer may say you can use the audit report to avoid foreclosure, accelerate the loan modification process, reduce your loan principal, or even cancel your loan.

There is no proof that a forensic loan audit can save your home from foreclosure although it's conducted by a licensed, legitimate and trained auditor, mortgage professional or lawyer. Even if you sue your lender and win, your lender is not required to modify your loan to make it more affordable. If you cancel your loan, you will have to return the borrowed money, which may result in you losing your home.

### Mass Joinder Lawsuit

The scam artist, usually a lawyer, law firm or a marketing partner, will promise that they can force your lender to modify your loan. They will tell you that by joining other homeowners in a mass joinder lawsuit against a particular lender, you will be able to stop a foreclosure, reduce your loan balance or interest rate, receive monetary damages, or even receive title to your house free and clear. Mass joinder lawsuits can be used legitimately; these lawyers are usually paid "after" the lawsuit is over, on a contingency basis. However, mass joinder lawsuit scammers will try to "sell" you participation in a lawsuit against your mortgage lender, claiming that you cannot participate in the lawsuit until you pay some type of fee.

### Bait-and-Switch

The scam artist convinces you to sign documents for a "new loan modification" that will make your existing mortgage current. This is a trick. You actually just signed documents that surrender the title or deed of your house to the scam artist in exchange for a "rescue" loan. Thoroughly read any document before you sign it.



### FACING FORECLOSURE?

Get real help, free of charge, from HUD-approved counseling agencies. [Learn More Here](#)

### QUESTIONS ABOUT LOAN SCAMS?

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**Rent-to-Own or Leaseback Scheme**

A scammer urges you to surrender the title or deed of your home as part of a deal that will let you stay in your home as a renter and then buy it back in a few years. He may tell you that surrendering the title will permit a borrower with a better credit rating to get new financing—and keep you from losing your home. However, the scammer may have no intention of ever selling the home back to you.

But the terms of these deals usually make buying back your home impossible. Worse yet, when the new borrower defaults on the loan, you're evicted.

**Variations:**

- 1 The scammer raises your rent over time to the point that you can't afford it. After missing several rent payments, you are evicted, leaving the "rescuer" free to sell your house.
- 2 The scammer offers to find a buyer for your home, but only if you sign over the deed and move out. The scammer promises to pay you some of the profit when the home sells. But the scammer simply rents out your home and keeps the profits while your lender proceeds with the foreclosure. You lose your home and are still responsible for the unpaid mortgage, because transferring the deed does not affect your mortgage obligation.

**Short Sale Scam**

Scammers, sometimes called "short sale negotiators" or "short sale processors," may promise to expedite a short sale and usually require you to pay a fee, which is illegal in many states. Some scammers may even include surcharges or hidden fees before the transaction closes, which are also illegal in many states. The scammer may also misrepresent the value of the home to the lender.

A short sale may be a legitimate option for a homeowner in default or homeowner who is current yet the value of the home has fallen -- if the lender agrees to the short sale. But homeowners should only work with a licensed real estate professional or licensed real estate attorney since the law requires that the person be properly licensed to negotiate the short sale with your lender. Homeowners should verify licenses with their state licensing agencies.

**Bankruptcy to Avoid Foreclosure**

The scammer may promise to negotiate with your lender or get refinancing on your behalf if you pay a fee up front. Instead of contacting your lender or refinancing your loan, he pockets the fee and files a bankruptcy case in your name--sometimes without your knowledge.

A bankruptcy filing often stops a home foreclosure, but only temporarily. Filing bankruptcy stops any collection and foreclosure while the bankruptcy court administers the case. But, eventually you must start paying your mortgage, or the lender will be able to foreclose.

You could lose the money you paid to the scammer and your home. Worse yet, a bankruptcy stays on your credit report for 10 years, which makes it difficult to obtain credit, buy a home, get life insurance or even get a job.

**Our Trusted Authorities**

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